

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

February 2, 2000 LB 504

President.

SENATOR CROSBY: Senator Connealy, you're recognized to open on your bill.

SENATOR CONNEALY: Thank you, Madam President, members. LB 504 is a bill introduced to change automobile liability policies and coverage they provide. The bill specifically addresses a portion of Nebraska law that permits what is referred to as the household exclusion. The provision is found in many automobile policies and allows for the exclusion of coverage based on the fact that a person making the claim resides in the household of the named insured and is not a relative or a spouse. Examples of this would be people living together as roommates or who share the same home or apartment for economic reasons. LB 504 will allow the same protection of coverage to all residents of the same household by prohibiting the exclusion of coverage due to residency. A recent court case before the Nebraska Court of Appeals discussed the merits of the household exclusion provision. While carrying out their ministry here in the state, two Jehovah Witness ladies, not related by blood or marriage, were involved in an automobile accident. The policy owner was told that the insurance coverage was being denied due to the fact that the women reside in the same household with each other. The court determined that the policy of the insurance company involved was not valid and the provision known as the household exclusion provided ambiguous coverage and did not treat the individuals living in the same household equally. Originally, the law was created to prevent possible collusion between individuals who knew each other, namely, spouses. Actions by this body in recent years has removed the prohibitive action and I think we ought to continue to do that. LB 504 would remove the statutes, the final references to this type of exclusion and clean up our statutes as they relate to this area on automobile liability. During the hearing of the bill, no one from the insurance industry testified in opposition. In fact, the representatives from the industry represented to me that they would have no problem with this legislation. It came out of the committee with no dissenting votes. LB 504 offers an equitable change to the insurance laws of Nebraska to treat any resident of a household equally. It repeals the household exclusion and affords the same protection to persons who reside